

Chapter 6. Economic Development

Introduction

A strong, healthy business community is critical to the long-term well being of the City of Shoreview. Business is one of the key foundations to the high quality of life experienced in Shoreview both directly in the jobs it generates for our residents and indirectly through a diversified tax base that provides necessary resources. The City strives to create a healthy business climate by attracting and retaining a diversity of businesses to sustain a strong tax base that provides employment and services to meet the needs of the community. It is essential that the City establish and maintain economic and redevelopment strategies that are continually reviewed and modified to reflect changes in market conditions, service demands, resource allocation, and current opportunities. The retention and expansion of the business sector through a proactive economic development program and the redevelopment of targeted areas is important to both short- and long-range planning. Furthermore, the City is strongly committed to maintaining and strengthening the economic tax base by seeking opportunities for industrial and commercial development whenever possible and in keeping with the overall development goals for the community.

Existing Conditions

Overview

For the past several decades the City of Shoreview has benefited from a growing and expanding business base. Shoreview was attractive to business because of its ideal location with easy access to the Interstate systems, plenty of natural resources and available land Shoreview became home to a number of large companies.

Shoreview like many communities is undergoing a change from a growing suburb into a redeveloping one. The land resources that spurred development are now limited in quantity and any increase in employment and market value will come predominantly from reinvestment or redevelopment of existing buildings and sites.

The City recognizes the need to encourage continued investment into its economy. A strong business base supports the residential, retail and commercial sectors. Companies that require skilled workers pay a livable wage, attracting local residents. These residents in turn support the commercial and retail businesses within the community by spending their payroll in Shoreview. They also contribute their time to other community activities through volunteerism. Businesses that pay livable wages allow Shoreview residents with the time and economic resources to invest in their homes and their community.

This link between quality businesses and residents is critical to the continued success of Shoreview. Being almost fully developed, new revenue sources for municipal services will have to come from increased market value through business and resident reinvestment in their

properties. This includes the redevelopment of key areas within the city, allowing for a higher value and/or density on an existing site.

Business and Employment

One of the key issues for the City is to retain and provide expansion opportunities for our existing businesses, which is especially challenging given the limited supply of vacant land available. Critical to facilitating successful business retention and growth is building strong relationships with the business community. The following focuses on economic indicators of the local business community and illustrates the importance of employment and tax base for the community.

Since 2000, employment in the City has grown from just under 10,000 jobs to well over 13,000 jobs, due primarily to the development of the Rice Creek Corporate Park (including the Wells Fargo Operations Center, four office/warehouse buildings, a hotel and retail center) and growth of several larger companies in the community (including Medtronic, EMPI, and TSI). The employment growth experienced in this decade was one of the largest increases in the Metropolitan area, and the increase in jobs has been principally in the service industry, which provides the majority of the employment in the City (**Tables 6-1 and 6-2**).

Table 6-1 Metropolitan Council, Employment Growth in the Twin Cities Region 2000-2006

Cities with Net Employment Growth of 1000+						
Second Quarter 2000-2006						
		2000	2006	Change	%	County
1	Maple Grove	18,309	28,578	10,269	56.1	Hennepin
2	Eagan	42,750	49,677	6,927	16.2	Dakota
3	Richfield	11,762	16,834	5,072	43.1	Hennepin
4	Shakopee	13,938	18,019	4,081	29.3	Scott
5	Woodbury	15,899	19,375	3,476	21.9	Washington
6	Shoreview	9,938	13,342	3,404	34.3	Ramsey
7	Lakeville	10,966	14,061	3,095	28.2	Dakota
8	Coon Rapids	21,682	24,513	2,831	13.1	Anoka
9	Blaine	17,434	20,011	2,577	14.8	Anoka and Ramsey
10	Inver Grove Hts.	8,168	10,639	2,471	30.3	Dakota
11	Savage	5,366	7,805	2,439	45.5	Scott
12	Brooklyn Park	23,692	26,063	2,371	10.0	Hennepin
13	Burnsville	31,765	34,109	2,344	7.4	Dakota
14	Chaska	10,955	12,859	1,904	17.4	Carver
15	Mendota Heights	8,549	10,447	1,898	22.2	Dakota
16	Rogers	4,693	6,529	1,836	39.1	Hennepin
17	Arden Hills	12,326	14,123	1,797	14.6	Ramsey
18	Chanhassen	9,345	11,120	1,775	19.0	Carver and Hennepin
19	Apple Valley	12,106	13,836	1,730	14.3	Dakota
20	Lauderdale	360	1,717	1,357	376.9	Ramsey

Table 6-2 Employment and Wages by Industry

Industry	Businesses	Employees	Avg. Weekly Wage	Total Wages
Total, All Industries	641	13,096	\$929	\$158,206,830
Goods-Producing Domain	104	2,182	\$1,187	\$33,673,430
Construction	54	408	\$992	\$5,263,810
Manufacturing	50	1,773	\$1,233	\$28,409,620
Service-Providing Domain	537	10,913	\$878	\$124,533,400
Trade, Transportation and Utilities	102	3,080	\$853	\$34,170,958
Financial Activities	88	1,824	\$897	\$21,275,449
Education and Health Services	85	1,487	\$563	\$10,874,594
Leisure and Hospitality	48	619	\$226	\$1,820,195
Other Services	51	556	\$328	\$2,372,298

Shoreview, Ramsey County
 2007 Minnesota Department of Employment and Economic Development

Table 6-3 City of Shoreview, Principal Employers – Comparison 2006 from 1997

1997				2006			
EMPLOYER	Total Employees	% Total City Employment	Rank	EMPLOYER	Total Employees	% Total City Employment	Rank
Wells Fargo	N/A	N/A	N/A	Wells Fargo	2,000	16.22%	1
Medtronic	750	8.34%	2	Medtronic	1,200	9.73%	2
Deluxe	3,000	33.34%	1	Deluxe	1,044	8.47%	3
Target	331	3.68%	3	Target	500	4.05%	4
TSI Inc.	320	3.56%	4	TSI Inc.	395	3.20%	5
EMPI	280	3.11%	5	EMPI	310	2.51%	6
PaR Systems	109	1.21%	9	PaR Systems	215	1.74%	7
Curtis 1000	286	3.18%	7	Curtis 1000	175	1.42%	8
Kozlak's Restaurant	100	1.11%	10	Kozlak's Restaurant	120	0.97%	9
AGS Publishing	N/A	N/A	N/A	AGS Publishing	120	0.97%	10
Rainbow Foods	200	2.22%	6	Rainbow Foods	110	0.89%	11
City of Shoreview	70	0.78%	11	City of Shoreview	77	0.62%	12
Totals	5,246	60.53%		Totals	6,266	50.79%	

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Table 6-4 City of Shoreview, Principal Property Taxpayers – Comparison 2006 from 1997

Taxpayer	1997				2006			
	Market Value	Taxable Net Tax Capacity Value	Rank	% Total Net Tax Capacity Value	Market Value	Taxable Net Tax Capacity Value	Rank	% Total Net Tax Capacity Value
Wells Fargo					\$ 44,100,000	\$ 881,250	1	2.89%
Shoreview Owner, LLC (SV Corporate Center)					34,696,100	693,172	2	2.27%
Deluxe Corporation	\$38,663,100	\$1,776,903	1	8.54%	30,804,800	615,346	3	2.02%
Target Corporation	6,021,000	276,967	3	1.33%	17,000,000	339,250	4	1.11%
Terrace Apartments Co. (Midland Terrace Apts.)	10,076,400	346,873	2	1.67%	26,148,200	332,852	5	1.09%
Medtronic	5,800,000	265,200	4	1.28%	14,629,000	291,830	6	0.96%
Canis Major Development (Rice Creek I and II)					13,403,600	266,572	7	0.87%
Xcel Energy (misc. properties)					13,307,900	266,158	8	0.87%
Lakeshore Oaks Apts.	6,240,000	212,160	6	1.02%	14,400,000	180,000	9	0.59%
Carroll Ventures Co. (Shoreview Hills Apts.)	5,700,000	193,800	7	0.93%	14,400,000	180,000	10	0.59%
TSI, Inc.	3,781,000	172,326	8	0.83%				
Mn Industrial Venture	2,800,000	127,200	9	0.61%				
Sidal Realty Company, LP	4,700,000	214,600	5	1.03%				
Roberts Development Co.	2,542,700	116,965	10	0.56%				
Total	\$86,324,200	\$3,702,994		17.80%	\$222,889,600	\$4,046,430		13.26%

Sources: Ramsey County Board of Equalization & Assessment and City of Shoreview – Financial Report (Springsted Inc.)

Table 6-5 City of Shoreview, Top Property Taxpayers – Net Tax Payable 2006

Rank	Taxpayer	Taxable Market Value	Net Tax Capacity	Net Tax Payable
1	Wells Fargo Properties Inc.	\$ 44,100,000	881,250	\$ 1,458,536.00
2	ARI – Shoreview Corporate Center LLC	34,696,100	693,172	1,147,262.00
3	Deluxe Corporation	30,804,800	615,346	1,011,160.00
4	Target Corporation	17,000,000	339,250	561,514.00
5	Medtronic Corp.	14,629,000	291,830	479,572.00
6	Canis – Rice Creek LLC (Rice Creek I and II)	13,403,600	266,572	441,278.00
7	Xcel Energy (Northern States Power) (Misc. properties)	13,307,900	266,158	440,102.00
8	Fox – UTV Holdings Inc. (Broadcast Tower property)	11,576,800	230,786	379,268.00
9	Terrace Apartments Company (Midland Terrace)	26,148,200	332,852	374,896.27
10	George J. Reiling (Estate) (Misc. properties)	10,509,000	209,430	346,660.00
11	TSI Inc.	7,781,900	154,888	254,554.00
12	Telefarm Inc. (Broadcast Tower property)	7,340,900	146,068	241,794.00
13	MN Industrial Venture LLC (Industrial/Warehouse)	6,704,000	133,330	219,130.00
14	Sidal Realty Co LP (Rainbow Foods)	6,500,000	129,250	212,426.16
15	Carroll Ventures Company (Shoreview Hills Apts.)	14,400,000	180,000	200,854.00
16	Lakeshore Oaks Apartments	14,400,000	180,000	197,622.00
17	Cardigan Investments LLC (EMPI building)	5,500,000	109,250	179,564.00
18	Forstrom & Torgerson LLP (Hampton Inn)	5,400,000	107,250	177,550.00
19	Shoreview Grand (SV Village Mall)	5,400,000	107,250	177,549.10
20	North Star Mini-Storage LP	5,010,900	99,468	163,490.00
21	Roberts Development Co (Industrial/Warehouse)	4,862,000	95,740	157,412.00
22	Harbor Place Associates Inc (Office)	4,639,400	92,038	151,279.12
23	Children's Health Care (Children's Hospital)	4,245,200	84,154	139,324.00
24	RREEF American Reit II Corp VVV	4,000,000	79,250	131,208.00
25	SHVW Bldg LLC (PaR Nuclear/Westinghouse)	3,738,100	74,012	122,538.87
SUB-TOTAL		316,097,800	5,898,594	9,366,543.52
CITY-WIDE TOTAL		2,844,890,400	30,474,856	Not Available

Source: Ramsey County – originally billed and does not include adjustments or exempt values 04/28/06

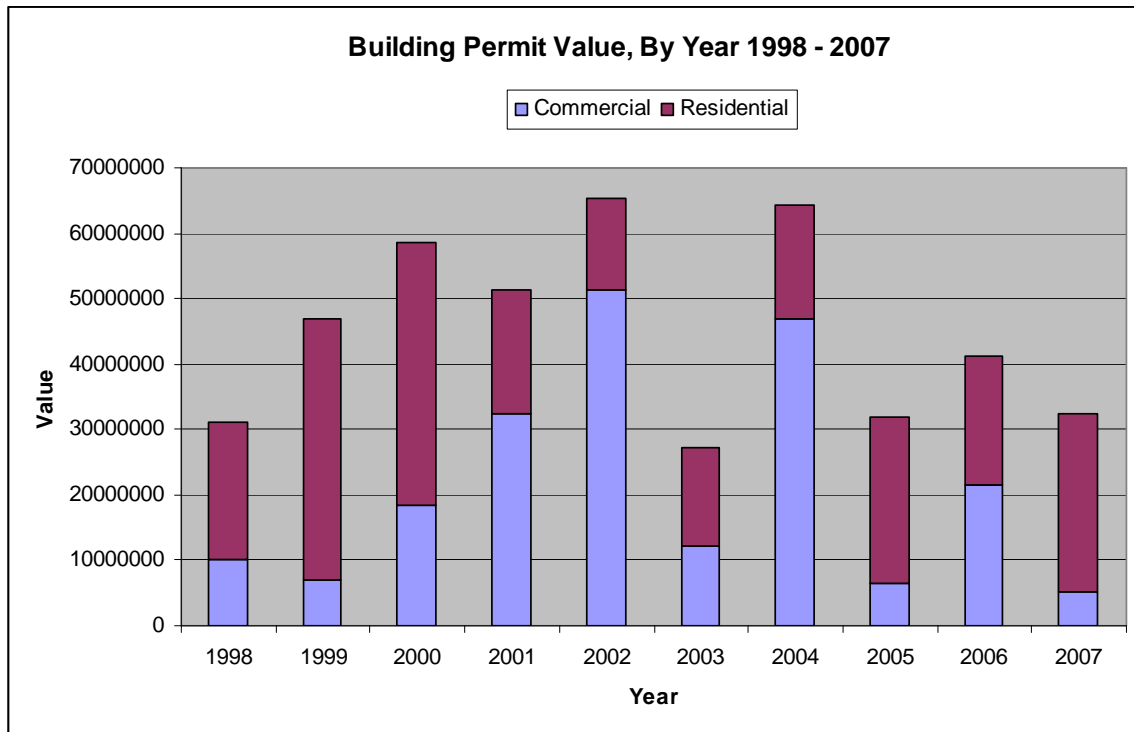
The job growth seen in the City has resulted in a more diverse employment base than in 1997, when over 60% of the jobs were generated by the 12 largest employers. In 2006, the City's largest employers accounted for less than 48% of the employment (**Table 6-3**). One single employer in 1997, Deluxe Corporation, provided 33% of the total jobs in the community. Whereas, Deluxe Corporation has reduced its local workforce through corporate downsizing, Shoreview now has a wider-range of companies providing significant jobs as the local employment base has become larger and stronger through diversification of the business community. While some of this employment increase is due to the addition of a high-profile company in Wells Fargo, the employment gains also point to the increasing importance of smaller businesses in the City, and the positive affect of retaining a competitive environment for the existing large employers.

The business community also has a large impact on the City's tax base. The relative tax contribution of the largest commercial property owners generates tax revenues that enable the City to provide services throughout the community at a higher level than would otherwise exist (**Table 6-4**). Again, as compared to a decade ago, the City now has a much more balanced commercial tax base. Furthermore, the 25 property owners shown in the table (**Table 6-5**) account for about 11% of the City's total market value and approximately 19% of the net tax capacity. Commercial uses occupy about 6% of the area of the City, and little change is expected over the life of this plan.

Contrary to perceptions from years ago, the Shoreview has become much more than a "bedroom community" and has been fortunate to develop a strong and diverse business community. The City needs to continue to focus efforts on continued diversification and improvement to the business environment in order to continue to attract small and large employers and increase strategic efforts to build on relationships with key local businesses to promote retention and growth.

Building Permit Activity

As a sign of the maturity stage of Shoreview as a developed community, the City has experienced a shift of new development from primarily housing to commercial and retail services during the past decade. Commercial development, most notably the Rice Creek Corporate Park, (led with the major investments by Wells Fargo Corporation in 2002 and 2004 for their Operations Center and Data Center, respectively) has been strong during the past ten years with both business expansions as well as a number of larger companies coming to Shoreview (see **Table 6-6**). This growth has not only resulted in a large increase in local employment and additional tax base but also has created a much more diverse business community. While the City has seen a significant drop in new housing construction since the high growth period of the late 1970s and 1980s, there has been substantial reinvestment by property owners in expanding and improving their residential properties. With the lack of available commercial and industrial vacant land, the City faces the challenge of maintaining a strong and vibrant economy and must continue to move towards proactive policies and actions that encourages and fosters business retention and expansion.

Table 6-6 City of Shoreview, Commercial and Housing Building Permit Values

Source: Building Permit & Valuation Historical Data
Shoreview Community Development Department

Other Economic Factors

City Bond Rating

The City of Shoreview places a high priority on maintaining and strengthening the City's bond rating, which is a significant factor that supports the overall economic and financial status of a community. The City's current bond rating is "Aa2" according to Moody's Investors Service, a prominent national rating agency. This bond rating for Shoreview is one of the highest that can be attained by a community of our size, and is a direct result of the City's past and present efforts to manage and provide sound long-range financial planning. Bond rating agencies have indicated that a diversified tax base is important to the economic strength of the community, therefore, the City needs to continue the commitment to strengthen and sustain economic development tax base. The economic development goals and objectives should be consistent with and complementary to the City's financial planning strategies for maintaining a strong bond rating.

Fiscal Disparities – Commercial-Industrial Tax Base Sharing

Under the fiscal disparities program, taxing jurisdictions in the Twin Cities seven-county area contribute 40 percent of the growth in commercial-industrial (CI) property tax base since 1971 into an area-wide shared pool. Shared tax base is then redistributed back to jurisdictions based on

population and the value of all property relative to the metro average – reducing the fiscal disparity. The smaller the per capita property value compared to the metro average, the larger the distribution. The larger the per capita property value compared to the metro average, the smaller the distribution. A community with low property wealth (fiscal capacity), usually meaning those cities with an aging housing stock or without large retail centers, receives a relatively larger share of the area-wide tax base.

The main purposes and goals of the program are to:

- Support a regional approach to development.
- Equalize the distribution of fiscal resources.
- Reduce competition for commercial-industrial development among communities.

The following table (**Table 6-7**) shows the amount of funds that have been distributed annually to the City of Shoreview through Fiscal Disparities over the past decade:

Table 6-7 City of Shoreview, Fiscal Disparities Receipts 1999-2008

Year	Amount	Percent of Gross Levy
1999	\$ 504,902	12.0%
2000	\$ 515,260	12.0%
2001	\$ 565,669	12.3%
2002	\$ 570,042	9.5%
2003	\$ 584,219	9.4%
2004	\$ 614,688	9.2%
2005	\$ 588,353	8.5%
2006	\$ 575,187	7.8%
2007	\$ 578,898	7.4%
2008	\$ 655,965	7.9%

Source: Shoreview Finance Department

Financial Incentives

The City utilizes two primary tools to encourage economic development and redevelopment: tax increment financing and revolving loan fund through a partnership organization called the Twin Cities Community Capital Fund. In addition, the City seeks funding assistance to support development efforts from other sources, including Ramsey County and the State of Minnesota, if a project meets City goals and objectives and depending on availability and eligibility.

Economic Development Authority

In 2008, the City Council approved the establishment of an Economic Development Authority (EDA) for the City as a mechanism for achieving major housing and economic development

goals. Many of the key strategic goals and objectives adopted by the City is evidence that the City is at a stage in our maturity as a community that requires more proactive approaches towards maintaining quality neighborhoods, preserving our housing stock conditions, retaining key businesses and redevelopment older industrial properties to strengthen our economic tax base and provide services in keeping with our changing demographics. All of these important goals require well thought out action plans and sufficient financial resources to proactively influence and implement new strategies and programs.

The creation of an Economic Development Authority can provide some tools and financial resources necessary to achieve development and housing related goals. There are a number of challenging issues and projects facing the City that could be better addressed through the powers and resources of an EDA. Some potential programs and uses of an EDA could include:

- **Housing**
 - Creation of a loan fund for home fix-up/rehab (could be managed through the Housing Resource Center to lessen administration costs of City)
 - Expanded neighborhood code enforcement (both property and housing maintenance)
 - Acquire houses (e.g. distressed, foreclosed) and transfer to affordable ownership (perhaps in partnership with the Metropolitan Council or other private/non-profit organizations)
- **Redevelopment**
 - Assembly of parcels to facilitate business expansion and redevelopment plans such as the Shoreview Town Center
- **Business Retention**
 - Implementation of the Business Retention and Expansion program

Tax Increment Financing

It has been the general philosophy of the City of Shoreview to use the “pay as you go” approach for assisting a development through tax increment financing (TIF). With this approach, the City limits its financial risk by reimbursing the developer for those agreed upon and eligible project costs after the development has been constructed. This policy ensures that increments will be generated from the new construction and the City does not issue bonds for financing a project.

The City requires that:

- Public benefit of the improvements must be clearly demonstrated.
- It must be financially demonstrated that the project will not take place without tax increment assistance.
- Funding for necessary public improvements, where the costs of those improvements are considered extraordinary, will be considered.

Redevelopment proposals that eliminate blight, prevent the spread of blight, or support other redevelopment activities are desirable, and represent the top priority of the City. Presently, the

City has established six tax increment districts. These TIF districts have been created to support business development and expansion (e.g. Deluxe Corporation and TSI Corporation), redevelopment (e.g. removal of blighted/non-conforming properties at Lexington Avenue and County Road D) or senior housing (e.g. Scandia Shores, Summerhouse of Shoreview and The Shores).

Twin Cities Community Capital Fund

The City of Shoreview is a participating member of the Twin Cities Community Capital Fund (TCCCF). The TCCCF is a loan fund that has been established by a consortium of metropolitan communities that allows businesses in member cities to access capital loans. The TCCCF is a nonprofit economic development loan fund that offers customized, flexible “gap” financing to fit most business needs. The long-term, subordinated, fixed-rate loans are made in partnership with local banks, other commercial lenders and member economic development organizations, such as the City of Shoreview.

The loan fund is a self-sustaining financing resource, with the re-capitalization of the loan fund through the sale of pre-approved loans to a national secondary market. Using this approach, businesses within the City of Shoreview are able to originate an unlimited number of loans, subject to meeting all qualifying rules.

By pooling resources, TCCCF members have the advantage of offering much larger loans than would be possible with limited local resources, greater gap-lending flexibility for financing local development projects, and significantly lower loan risk—all with the support and services of a professional fund manager and experienced loan officers at no cost to Fund members. These loan funds are designed to be secondary to main project financing, but could be a valuable resource to assist with an array of capital related needs for such as fixed assets, building construction, machinery and equipment, and working capital.

Shoreview joined at the \$175,000 level, using special economic development funds originally received from the Minnesota Investment Fund (MIF)/Economic Recovery Fund, which allows for up to a maximum of \$1.75 million in qualified loans for a Shoreview business.

The City expects to continue participation in the TCCCF over the life of this plan, and will market and promote the loan program to the local business community. While there is no formal City approval required, it is the City policy to support loan applications through the TCCCF program if the project to be financed meets the following guidelines:

1. Project must meet all the eligibility and qualifying rules of the TCCCF program.
2. Project must meet all applicable land use and zoning regulations of the City’s Comprehensive Plan and Development Code.
3. Project should be consistent with the general economic development, redevelopment and business retention and expansion goals of the City.
4. Project should be consistent with the City’s Targeted Redevelopment Areas, as identified in the Comprehensive Plan.

Other Funding Sources

Ramsey County. Through the Ramsey County Housing and Redevelopment Authority, the County receives funding from federal sources and repayments of current loans to capitalize its business loan pool. This loan pool provides qualifying businesses with a source of gap financing that can be used with other public and private funds, with generally flexible rates and terms. If funding is provided through this program, businesses must create or maintain a minimum of 5 full-time jobs of which the majority must be targeted for low and moderate-income employees.

State of Minnesota. The Minnesota Department of Employment and Economic Development also provides funding through a variety of programs including the Minnesota Investment Fund for businesses acquiring “fixed assets” and adding new workers as a result, and the Minnesota Job Skills Partnership which provides grants to educational institutions for development of training programs that meet a specific business need. Shoreview businesses have participated in both of these State programs, with support from the City.

Business Retention and Expansion Initiative

Retention and expansion of key businesses is an important strategy in promoting continued economic growth. Through a Business Retention and Expansion (BRE) strategic plan, Shoreview is establishing and enhancing its relationship with key businesses. The BRE is an avenue to gather information about local business activity, anticipate changes in a company’s status, and work to retain the businesses that provide the greatest positive economic impact.

A BRE program targets specific businesses and direct limited municipal resources toward retaining and encouraging growth of these existing companies. Retention of key companies is the focal point of the City’s economic growth strategy based on criteria that provide for the greatest return of tax revenue and employment to the community.

The importance of business retention can generally be summarize in three categories:

- Livable wage jobs that allow residents to support local businesses and participate in community activities
- Maintenance of tax base to generate revenues
- Economic vitality of the City

Landmark and Emerging Companies

As a more fully developed city, Shoreview’s vacant land and building inventory is limited. The City needs to strengthen its relationship with the key businesses that bring significant jobs and tax base to the community and have the potential to grow by encouraging their expansion in the city.

The targeted businesses were divided into two categories: **Landmark and Emerging**. Criteria for being categorized as a **Landmark** firm include at least one of the following:

- 100 or more employees
- Over 10 years in the City of Shoreview
- Headquarters located in the City
- Top 10 largest commercial tax base generators

Focusing City resources towards those businesses that currently provide employment and tax base is one strategy – another is to diversify the resources towards local companies that will continue to grow based on the economic trends of the next five to seven years. **Emerging** businesses represent the industries and occupations that show the greatest growth potential for the next 5 to 7 years. These businesses were identified by comparing the North American Industry Classification System (NAICS) codes and standard occupation codes of local businesses with both State and National demographic information.

BRE Strategic Plan – Goals, Policies, and Recommended Actions:

BRE Goals

- Support business development that increases the tax base and adds quality jobs.
- Retain quality businesses by creating a positive economic environment that supports and fosters business expansion in the community.
- Plan for and pursue redevelopment opportunities consistent with City goals.
- Promote reinvestment in the community by directing time and financial resources to pre-determined business and neighborhood targets.
- Strive to meet the needs and demands of the community for specific services.

BRE Policies

- Focus business retention efforts on businesses that have been identified as having the greatest impact for future growth and development.
- Enhance business communication efforts through evaluation of existing programs.
- Allocate city resources towards business expansion opportunities that enhance tax base and employ skilled labor.
- Target certain commercial areas for redevelopment opportunities to encourage business reinvestment and increased financial benefit to the city.
- Build relationships with key businesses through a variety of communication channels.
- Continue to evaluate the potential for utilizing city financial resources for retention of key businesses, land ownership and preserving development opportunities.
- Establish communications and work with affected landowners of properties identified as potential redevelopment areas to prepare for a transition that meets the needs and expectations of all parties.
- Track effectiveness of business retention program by establishing and measuring outcomes.
- Encourage business retention as a citywide goal through active follow-up to expressed business concerns.
- Evaluate and adjust, if necessary, ordinances to expedite and ease the redevelopment of targets areas.
- Promote the City as a source and/or initial point of contact for local business information.

- Research and maintain a list of development tools and programs available in Shoreview.
- Identify neighborhoods that need reinvestment; provide education and programming to assist property owners in maintaining their properties.

BRE Actions

- Create an inventory of available sites for sale with contact information, asking price, and property details.
- Create a list of businesses in designated redevelopment areas to be retained and/or relocated within Shoreview.
- Seek a policy related to city initiated land purchase and potential land banking.
- Develop system for tracking follow-up activities identified through business retention visits.
- Establish process for business retention visits.
- Maintain current database of Shoreview Businesses with a special focus on Landmark and Emerging companies.
- Draft a Business Retention policy for adoption by the City Council.
- Formulate an Emergency Response Strategy for business retention.
- Research methods of delivering services to the business community.
- Evaluate effectiveness of current business communication tools and modify if necessary.
- Generate and maintain demographic data related to workforce including skill level, wage and commute patterns.
- Track properties in redevelopment area for possible acquisition as they become available.
- Assess and pre-determine economic circumstances that would trigger the use of public financial assistance. Define policy accordingly.
- Establish budget for business retention program implementation including funding sources.
- Utilize the Economic Development Commission to provide guidance to the Shoreview City Council regarding the creation and implementation of an Economic Development Authority.
- Add an Economic Development Section to the City of Shoreview's web site.
- Prepare a Business Retention Work Plan.
- Work with the Telecommunications and Technology Committee to review and assess current technology/communications services provided to the local business community and advocate for necessary improvements as determined.
- Advocate for improved transportation infrastructure and transit services.

Targeted Redevelopment Areas

The City of Shoreview has reached a level of maturity, achieving nearly full development of vacant land for both residential and commercial uses. As such, the City has begun to work towards promoting redevelopment opportunities to ensure that Shoreview remains a healthy, viable community. It is critical that comprehensive and long-range redevelopment plans establishing goals and strategies are in place for the City to both anticipate and respond to opportunities and challenges.

Targeted Redevelopment Areas (TRAs) are broadly defined as:

- Underutilized or underdeveloped properties.

- Developed properties where existing uses are not consistent with changing land uses, market conditions, or growth patterns.
- Developed properties where existing uses are not compatible or complimentary to adjacent land uses.
- Developed properties identified as functionally obsolescent or blighted.
- Developed properties not reflective of the highest or best long-term use, inefficient in design or use, or that can be efficiently developed at a higher density.
- Developed properties that may be ideally suited for redevelopment, but may not be economically viable for the private sector to support without potential public participation due to the cost of removing blight and/or performing environmental restoration.

These areas are generally situated in high profile locations in the community, are very visible, located along major thoroughfares or at gateway intersections into the City, and no longer convey the overall development values of the community in visual appearance or use. Although the City has identified TRAs in the plan as opportunities that should be pursued for their redevelopment potential, the City also recognizes that planning and implementation should be conducted in a manner that is sensitive to existing property owner needs. Direct City involvement in the planning and implementation of redevelopment should only be taken after it has been determined that it is economically feasible to move forward and that public assistance may be warranted to facilitate the redevelopment.

Targeted Redevelopment Areas generally correlate with Policy Development Areas (PDAs) that are identified in Chapter 4-Land Use Plan, and redevelopment should be consistent policies of that chapter of the Plan. In some cases, the goals and objectives described in the TRAs do not reflect the current land uses. As such, additional study and long-range planning are suggested to determine a course of action and most appropriate land use. The following sections describe the TRAs that have been identified areas with the greatest potential for redevelopment. See **Map 6-1** for TRA locations.

1. Shoreview Town Center Area

(See also Chapter 4, Land Use, Policy Development Area No. 6.)

The Shoreview Town Center Plan anticipates the redevelopment of an older commercial and light industrial area along Highway 96 between Lexington Avenue and Victoria Street, creating a mixed-use area of residential, civic, and commercial uses. The new buildings, streets and paths would link housing, work, shopping, and public services with improved connections to the area's natural amenities. The Shoreview Town Center was identified as the top redevelopment objective in the update of the Comprehensive Plan in 2000 and reaffirmed by the City Council as a key strategic goal for the City. The City was awarded a \$40,000 grant from the Metropolitan Council to assist with planning this implementation phase of the study process

The 80-acre Shoreview Town Center area lies between a large wetland complex called Lake Martha and Highway 96. To the east is the popular civic complex of Shoreview Commons that includes the Shoreview Community Center featuring the Tropics Indoor Water Park, Ramsey County Ice Arena and the Shoreview County Library. To the west at Lexington Avenue is an

older shopping center that provides a variety of retail services for the community. In between these two activity “anchors” lays an older yet active light industrial area of many small parcels, with cul-de-sac streets that force all traffic onto the busy highway.

Anticipating changes away from industrial uses due to the targeted area’s central location and many surrounding amenities, the City formulated an overall plan to guide future redevelopment proposals. The planning analysis involved a series of meetings with the City Council, Economic Development Commission and Planning Commission followed by plan revisions, a market study and financial feasibility analysis.

The Shoreview Town Center is a 10-15 year master plan is designed to accommodate an evolution in uses over time from industrial to a combination of residential, retail, employment and civic uses. Development of the project would occur in phases, moving from the east to the west. When completed, the redevelopment would provide 700-900 residential units, approximately 215,000 square feet of commercial and office space. In addition, new public infrastructure would be constructed including a meandering green and “main” street through the redevelopment area.

The financial feasibility study completed for the conceptual master plan concluded that the redevelopment, based on projected costs and land sales revenue (2006), would create a negative financial gap. Although a gap would exist, it does not mean the project is not feasible. Instead, other sources of revenue would need to be secured to assist with the project.

The market study, also completed in 2006, assessed the master plan based on the residential and commercial market conditions in the north metro area at that time. The study concluded that the plan was feasible but recommended the amount of office square footage be increased and the number of housing units be reduced. The study did recognize that market conditions do fluctuate and the plan should allow flexibility, depending on the strength of market once redevelopment is fully underway.



Key issues to address for this redevelopment area include:

- Continued support from City leaders for the redevelopment project.
- Consolidation of parcels to create an integrated redevelopment pattern.
- Public financing for the project.
- The ability to adapt to changing market conditions.
- The transition of land uses from industrial to those shown in the master plan.
- Accepting higher land use densities and an “urban” development pattern.
- Land assembly – property acquisition and business relocation.

2. Rice Street/Interstate 694 Interchange Area **(See also Chapter 4, Land Use, Policy Development Area No. 18.)**

The Rice Street Crossings area is located at the interchange of Interstate 694 and Rice Street in Ramsey County and is the confluence of three communities: Little Canada, Shoreview and Vadnais Heights. The development pattern surrounding the interchange is typical for the Metropolitan Area. The land uses consist of business and highway-oriented commercial, and includes the former Ramsey County Public Works maintenance facility, a property that is currently vacant and owned by the City. The existing road network, rail lines and natural features segregate the residential neighborhoods near this site are somewhat segregated from the uses along Rice Street.

Within the next five to six years, the transportation infrastructure for this area will be improved. This will provide the opportunity to integrate land use and transportation, provide for a mixture of uses, support transit and improve connections both within and outside of the project site if planning is coordinated. Planned improvements include the following (timing of improvements will be dependent upon funding availability):

- Relocation of Vadnais Boulevard, intersecting with County Road E (complete in 2008)
- Ramsey County – Reconstruction of interchange ramps, bridge and access roads.
- Anticipated sale of the former County Public Works maintenance site to the MNDOT and the County’s sale of other property owned on Rice Street.
- Minnesota Department of Transportation – Lane additions for I-694 (Rice Street to 35W).

To facilitate these roadway improvements, the City received funding through the Metropolitan Council’s Right of Way Acquisition Loan program to acquire the County Maintenance property. The City will hold this property until the property is needed for these interchange improvements, which at that time the property, will be sold to MNDOT. The City will, however, retain ownership of any land that is not needed for the interchange improvement and will sell it to a private party for redevelopment. The City anticipates that land uses in adjoining communities

will change somewhat as a result of these roadway improvements; however, the majority of land will remain as commercial.

To proactively plan for these changes, the City facilitated a master planning study for this area known as Rice Street Crossings in cooperation with the adjoining communities, the MnDOT, Ramsey County and MetroTransit. Redevelopment of the area will not occur as depicted in the conceptual redevelopment plan because of the planned partial cloverleaf interchange, however, the City still anticipates that the roadway improvements will instigate redevelopment but at a smaller level. The City's overall goal is to transform the area into a high quality tax base generating development that could include a mix of commercial and office uses.

Key issues to consider include:

- Improving connections to destination points within and outside of the project area
- Access and safety for all transportation modes
- Incorporating design features such as street lighting, signage, signalization and landscaping and creating a southern gateway to the City.
- Appropriate land uses for the northern portion of this redevelopment area due to its proximity to residential land uses.
- Planned transportation improvements and other land use changes may encourage redevelopment of the aging retail center.
- Mitigation of impacts on the nearby residential neighborhoods.
- Integrating the existing bank facility into the redevelopment area and improving access to the site.
- Improving the aesthetic character of existing land uses which are anticipated to remain.

3. Industrial Area – Interstate 694 Corridor (See also Chapter 4, Land Use, Policy Development Area No. 17.)

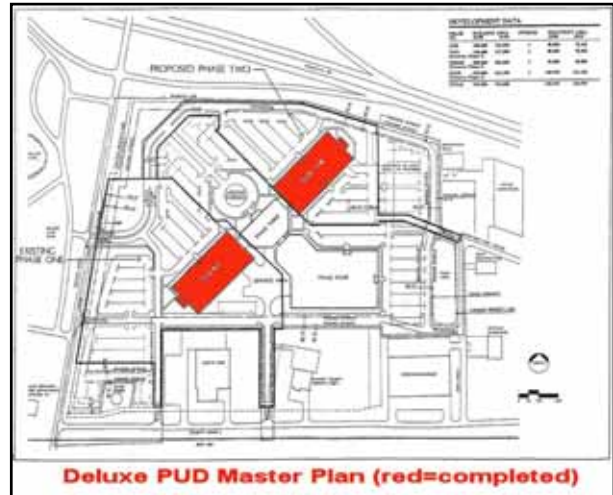
This industrial area is adjacent to Interstate 694, generally including properties extending south of the Victoria Street/I-694 interchange easterly along the freeway corridor bounded by County Road E West to the south over to the transition to Soo Street. The area also encompasses a mixed of industrial properties along Shoreview Park Road and Kent Street. The area is primarily occupied by freestanding industrial uses with buildings of varying quality and age. The area also consists of several higher profile corporations including Deluxe Corporation, Medtronic Corporation (just north of the TRA) and most recently the addition of PaR Systems. One single-family home is located along County Road E, but is scheduled for phase out.

Much of the area was developed decades ago without any comprehensive or coordinated plan. Access to businesses in the area is gained from both County and local roads.



Shoreview Park Road, which provides access to a number of businesses with freeway frontage, is a dead end street creating some traffic circulation problems. With the exception of the nearly full Rice Creek Corporate Park in the northwest corner of the City, the industrial area of Shoreview Park Road/County Road E/I-694 has the strongest potential to serve new business development needs in the future if a redevelopment plan can be established and implemented through coordination of the City, but only if private market forces have interest.

Deluxe Corporation and the City entered into a tax increment development agreement back in 1989 as part of an overall master plan to develop a new headquarters campus at Victoria Street and I-694. A 25-year tax increment redevelopment district was established. The original planned unit development that was approved by the City envisioned a total development of up to 750,000 square feet to be built in four phases over several years. Due to changes in the Deluxe business plan and restructuring only two of the four buildings have been completed. The tax increment agreement has been modified several times over the years to reflect changes in the build-out of the Deluxe campus. Deluxe Corporation has undergone significant changes to their business plan and it is anticipated that at some time in the near future the company may explore options for the Shoreview property, which could include bringing in other development partners that would spur additional development. The completed development of the Deluxe corporate campus is critical to generating momentum to achieve other redevelopment goals for the larger area of the I-694 corridor.



More recently, the City assisted with the relocation of PaR Systems, a longstanding Shoreview-based high tech robotics firm, to the former Curtis 1000 facility adjacent to the Deluxe campus. The relocation and retention project also included the City's acquisition of the former Sheriff's Patrol Station property (adjacent to the Curtis 1000 property) and transfer of the property to PaR Systems to accommodate future expansion needs for their projected growth, retaining a valuable local business that provides both economic tax base and well-paying highly skilled jobs. The development partnership formed between the City and PaR Systems serves as an example of a new emphasis on retaining existing quality businesses.

The development plan originally created for the Deluxe Corporation corporate campus referenced a long-range plan for property acquisition and redevelopment towards the east. The redevelopment concept of the area envisions the consolidation of existing parcels to create a substantial area for higher end business park development or expansion.

Key issues to address include:

- Future land use and development patterns.
- Process for converting the non-conforming uses to the desired future uses.

- Develop a strategy for supporting property acquisition and consolidation.
- Facilitate and assist Deluxe Corporation in reviewing land use options for completing and maximizing development of the campus consistent with City goals and objectives.

Goals and Policies

The City of Shoreview is concerned with retaining and attracting a stable employment and tax base. As such, the City has established the following goals and policies to serve as guidelines for creating a framework to achieve a vital economic base for the community.

Goal 1: Support business development that increases the tax base and adds quality jobs.

Policies

- A. Focus business retention efforts on businesses that have been identified as having the greatest impact for future growth and development.
- B. Continue to evaluate the potential for utilizing city financial resources for retention of key businesses, land ownership and preserving development opportunities.
- C. Encourage quality business and industrial development that enhances the social, economic, and aesthetic value of the community.
- D. Seek development that provides tax base diversification and balance between residential and business development.
- E. Target certain areas of the City to explore opportunities for redevelopment that will provide more significant tax base and quality employment for the community.
- F. Support and maintain open communications between the City and the business community in acknowledgement of their value and be in position to address concerns or meet expectations.
- G. Broaden and diversify the industrial tax base of the community by attracting or retaining stable business and industry in order to protect the economic vitality of the City.
- H. Review current policies regarding financial incentives and modify when deemed appropriate to ensure that they reflect community objectives and values and to maximize the use of these economic development tools when found to be in the best interest of the community and the development and redevelopment goals of the City.
- I. Continue efforts to maintain and strengthen the City's bond rating by seeking diversification in the local tax base and promoting economic development efforts of commercial and industrial uses consistent with overall development goals.

Goal 2: Implement Business Retention and Expansion Strategic Plan - Retain quality businesses by creating a positive economic environment that supports and fosters business expansion in the community.

Policies

- A. Encourage business retention as a city wide goal through active follow-up to expressed business concerns.
- B. Enhance business communication efforts through evaluation of existing programs.
- C. Build relationships with key businesses through a variety of communication channels.
- D. Support a strong local business retention program that emphasizes the importance of existing business.
- E. Track effectiveness of business retention program by establishing and measuring outcomes.
- F. Plan for and work with members of the local business community to support potential business expansion and growth.
- G. Research and maintain a list of development tools and programs available in Shoreview.

Goal 3: Plan for and pursue redevelopment opportunities consistent with City goals.

Policies

- A. Develop a long-range plan for addressing potential redevelopment areas in the community to sustain economic strength of the City.
- B. Actively encourage the redevelopment of blighted commercial, industrial, and institutional land uses that incorporate a business park quality to maximize tax base and job creation or can be redeveloped to uses that are complimentary to surrounding land uses.
- C. In mixed-use, retail, and residential areas where redevelopment projects are undertaken, the City should incorporate livable community concepts, quality urban design, and streetscape elements.
- D. Utilize financing tools such as Tax Increment Financing and the Twin Cities Community Capital Fund (if applicable) when it is determined that public assistance is necessary to facilitate the redevelopment of property, in accordance with adopted policies and practices.
- E. Establish communications and work with affected landowners of properties identified as potential redevelopment areas to prepare for a transition that meets the needs and expectations of all parties.

- F. Encourage environmental remediation and improvement in the redevelopment of commercial and industrial land.
- G. Evaluate and adjust, if necessary, ordinances to expedite and ease the redevelopment of targeted areas.
- H. Redevelopment areas should be coordinated with the City's Capital Improvements Program to maximize opportunities for enhancing properties and provide an impetus for maintaining or improving property values.
- I. Promote “green building” and sustainable design for developments and redevelopments, especially those projects that include public financing.

Goal 4: Promote reinvestment in the community by directing time and financial resources to pre-determined businesses and neighborhood targets.

Policies

- A. Target certain commercial areas for redevelopment opportunities to encourage business reinvestment and increased financial benefit to the city.
- B. Allocate city resources toward business expansion opportunities that enhance tax base and employ skilled labor.
- C. Identify neighborhoods that need reinvestment; provide education and programs available to assist property owners in maintaining their properties.

Goal 5: Strive to meet the needs and demands of the community for specific services.

Policies

- A. Proactively support and attract commercial uses and other services that are consistent with community values and meet a service demand identified by citizens.
- B. Encourage pedestrian and transit-friendly developments that are easily accessible to the neighborhood or overall community it serves.
- C. Seek opportunities to improve services and shopping experiences, and attract quality restaurants to serve both residents and business that have been identified as a strong desire in resident surveys undertaken by the City.
- D. Promote City as a source and/or initial point of contact for local business information.
- E. Support and advocate for public transportation and transit improvements that serve the needs of our residents and business community.

- F. Advocate for and work with area service providers to ensure that the community is sufficiently served with telecommunications and technology infrastructure that supports our residents and business community.

Goal 6: Encourage high-quality design and beautification.

Policies

- A. Work towards removing, preventing, or reducing blighted properties, thereby protecting property values.
- B. Strive for better aesthetic appeal with the application of quality design standards for new development and redevelopment.
- C. Establish reasonable design standards in the development ordinance for buildings and landscaping that ensure a sustainable development or redevelopment that complements and does not detract from surrounding land uses and the overall community.

Goal 7: Plan for efficient use of land with adequate buffers.

Policies

- A. Provide for adequate transitions of land uses and buffering of incompatible land uses by strengthening or establishing standards in the development ordinance.
- B. Encourage orderly transition of areas from residential to commercial in accordance with the land use plan and development ordinance.
- C. Consider modifications to the land use plan and zoning regulations when incompatible land uses have arisen based upon growth and development evolution of the community.
- D. Encourage the development of industrial uses that promote land use efficiency and foster stronger tax base per unit of land, while reducing and discouraging low yield industrial users.

Goal 8: Seek development that is consistent with community values.

Policies

- A. Support business development that is consistent with the high quality and environmental sensitivity expected from the community.
- B. Seek industry that is consistent with and meets the demand of the local labor pool.
- C. Approve development plans that are consistent with the City's *Comprehensive Guide Plan* and its Development Regulations.

- D. Seek industries that are "clean" and sensitive to the environmental surroundings of the community.